July, 2000, this scheme has been extended to all the Zones for the months of August and September, 2000 and the FCI Issue prices have been fixed as under:

Zone	Rate per	qtl.	Effective from
North	Rs. 650/-		9.8.2000
South	Rs. 743/-		11.8.2000
West	Rs. 724/-		11.8.2000
East	Rs. 736/-		11.8.2000

As regards Sugar, in order to liquidate its excess production stock, Government has allowed export of 10 lakh tonnes of sugar and also exempted sugar factories from levy obligation on the qty. of sugar they export. This exemption is valid from 1.6.2000 for a period of six months.

Review of the Existing System of Procurement of Foodgrains

2687. SHRI B.J. PANDA: Will the Minister of CONSUMER AFFAiRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government have reviewed the existing system of the procurement of foodgrains in the *country;*

(b) if so, the details thereof;

(c) whether there is a scope for improvement in the existing system; and

(d) if so, the steps taken by Government in that regard?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SHRIRAM CHAUHAN): (a) Yes, Sir.

(b) to (d) Concentration of procurement of foodgrains in a few States led *to* many problems, with regard to the levy of taxes, storage and also transportation of foodgrains to different consuming centres

resulting in transit, etc. As the major food deficit States are located in the North East and far South, transportation of foodgrains from Punjab and Haryana to these distant States put enormous pressure on rail traffic, besides causing huge expenditure on cost of transportation and losses on account of transit, storage, pilferage, etc.

To overcome these problems, it was considered necessary to decentralise the procurement process by dispersing the procurement centres to different parts of the country, encouraging local procurement to the maximum extent. Under this scheme, the designated States would procure, store and also issue foodgrains as per allotments indicated by the Central Government under PDS. The difference between the economic cost of the States Government and the Central Issue Prices is passed on to the State Government as subsidy.

The State Government of West Bengal commenced procurement of rice during Kharif Marketing Season 1997-98. In Madhya Pradesh and Uttar Pradesh, the scheme commenced from Rabi Marketing Season 1999-2000 for wheat. The State Government of Uttar Pradesh also started procurement of paddyrice with effect from the Kharif Marketing Season, 1999-2000 under this scheme. Other State Governments have not yet implemented this Scheme. The concept of decentralised procurement reduces the role of Food Corporation of India (FCI) in the States. Quality aspects are also the responsibility of the States. There is some reduction in the food subsidy bill, as the economic cost of foodgrains of the State Governments is lower than that of FCI.